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**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

In re:  
PG&E CORPORATION,

- and -

PACIFIC GAS AND ELECTRIC COMPANY,  
  
Debtors

- ☐ Affects PG&E Corporation  
☐ Affects Pacific Gas and Electric Company  
☒ Affects both Debtors

*\* All papers shall be filed in the Lead Case, No. 19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)  
Chapter 11  
(Lead Case) (Jointly Administered)

**APPLICATION OF DEBTORS  
PURSUANT TO 11 U.S.C. § 327(e), FED. R.  
BANKR. P. 2014(a) AND 2016, AND THE  
ORDER AUTHORIZING THE DEBTORS  
TO EMPLOY PROFESSIONALS USED IN  
THE ORDINARY COURSE OF BUSINESS  
FOR AUTHORITY TO RETAIN AND  
EMPLOY COVINGTON & BURLING LLP  
AS SPECIAL COUNSEL FOR THE  
DEBTORS EFFECTIVE JANUARY 1, 2020**

Date: April 14, 2020  
Time: 10:00 a.m. (Pacific Time)  
Place: (Telephonic Appearances Only)  
United States Bankruptcy Court  
Courtroom 17, 16th Floor  
San Francisco  
Objection Deadline: April 7, 2020,  
4:00 p.m. (PDT)

1 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “Utility”), as  
2 debtors and debtors in possession (collectively, “**PG&E**” or the “**Debtors**”) in the above-captioned  
3 chapter 11 cases (the “**Chapter 11 Cases**”), hereby submit this Application (the “**Application**”),  
4 pursuant to section 327(e) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules  
5 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), for  
6 authority to retain and employ Covington & Burling LLP (“**Covington**” or the “**Firm**”) as special  
7 counsel for the Debtors effective as of January 1, 2020.

8 The Debtors request the Court to approve the retention of Covington, as the Debtors’ special  
9 counsel, pursuant to section 327(e) of the Bankruptcy Code, to perform the Specific Matters (as defined  
10 below), which Covington has performed for the Debtors during these Chapter 11 Cases in accordance  
11 with Covington’s existing agreed-upon hourly rates in effect when services are rendered and  
12 Covington’s existing reimbursement policies applicable to the Debtors.

13 On February 27, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 105(a), 327, 328,*  
14 *and 330 Authorizing the Debtors to Employ Professionals Used in the Ordinary Course of Business*  
15 *Nunc Pro Tunc to the Petition Date* [Dkt No. 707] (the “**OCP Order**”) authorizing the Debtors to retain  
16 and compensate legal services professionals that the Debtors employ in the ordinary course of business  
17 (collectively, the “**Ordinary Course Professionals**”), subject to the terms of the OCP Order. For more  
18 than two months, Covington has been serving as Ordinary Course Professionals counsel to the Debtors  
19 pursuant to the OCP Order. As set forth in the OCP Order, on January 9, 2020, the Debtors previously  
20 filed the Declaration and Disclosure Statement of David B. Goodwin, on Behalf of Covington & Burling  
21 LLP (the “**Prior Goodwin Declaration**”) and the *Retention Questionnaire*, annexed as Exhibit A to the  
22 *Notice of Filing of Third List of Additional Ordinary Course Professionals* [Dkt. No. 5316].

23 Because the services the Debtors have asked, and expect to ask, Covington to perform in  
24 connection with the Specific Matters will exceed the caps set forth in the OCP Order, the Debtors seek  
25 approval of Covington as special counsel in connection with the Specific Matters pursuant to section  
26 327(e) of the Bankruptcy Code, *nunc pro tunc* to January 1, 2020, as contemplated by paragraph 2(ix) of  
27 the OCP Order. Covington has not yet been compensated pursuant to the terms of the OCP Order for  
28 all fees and expenses incurred prior to this date, and has submitted invoices for time through February

29, 2020, the payment of which would have caused Covington to exceed the cap imposed by the OCP Order. Covington intends to apply for all compensation and reimbursement of this amount, and for all additional expenses incurred after January 1, 2020 pursuant to the procedures approved by the Court in the *Order Pursuant to 11 U.S.C §§ 331 and 105(a) and Fed. R. Bankr. P. 2016 for Authority to Establish Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, entered on February 27, 2019 [Dkt. No. 701].

In support of this Application, the Debtors submit the Declaration of David B. Goodwin, a partner of the Firm (the “**Goodwin Declaration**”), and the Declaration of Janet Loduca, Senior Vice President and General Counsel of PG&E Corp. (the “**Loduca Declaration**”), each of which is filed concurrently herewith, and incorporate by reference the Prior Goodwin Declaration (as supplemented by the Goodwin Declaration). A proposed form of order approving the retention and employment of Covington is annexed hereto as **Exhibit A** (the “**Proposed Order**”).

#### **MEMORANDUM OF POINTS AND AUTHORITIES**

##### **I. Introduction**

David Goodwin, at his prior law firm (Heller Ehrman LLP), served for more than a decade as insurance coverage counsel for PG&E. The Company recently retained Mr. Goodwin and his current law firm, Covington & Burling LLP, to assist with insurance issues arising out of the Company’s director and officer (“D&O”) liability insurance program, in connection with (i) two securities actions, (ii) six derivative actions related to either the 2017 North Bay Fires or the 2018 Camp Fire, (iii) various books and records demands to the Company related to the above, (iv) settlement of the securities actions and derivative actions, including the settlement of a derivative action in connection with the San Bruno accident; and (v) the Company’s current and proposed renewal D&O liability insurance programs (together, (i) through (v), the “**Specific Matters**”).

While Covington was approved and has been serving as an Ordinary Course Professional in the Chapter 11 Cases—particularly in connection with attempts to settle the securities class actions and the derivative actions—recent developments have compelled Covington to dedicate significantly more time to its representation of the Debtors, thus increasing the costs of the representation beyond the maximum allowable under the OCP Order.

1 As discussed below, Covington's continued representation of PG&E in these matters is the most  
2 efficient and cost-effective path for PG&E. For these reasons, the Debtors request that the Court grant  
3 this Application to retain Covington as special counsel.

## 4 **II. Jurisdiction**

5 The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, the  
6 *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D.  
7 Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the  
8 Northern District of California (the "**Bankruptcy Local Rules**"). This is a core proceeding pursuant to  
9 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

## 10 **III. Scope of Services**

11 By this Application, the Debtors seek to engage Covington as special counsel to provide  
12 professional services in connection with the insurance coverage matters discussed above. This includes  
13 the analysis of multiple D&O insurance programs; communications with the 13 D&O insurers in the  
14 2017-2018 program and the 17 D&O insurers in the 2018-2020 program; attending mediations and  
15 otherwise assisting the Company's counsel in attempting to settle the securities and derivative actions;  
16 and assisting PG&E in connection with the analysis and renewal of its D&O insurance program.

17 Covington will also provide all other necessary legal services for the Debtors, as related to the  
18 above matters, in connection with the above-captioned Chapter 11 Cases, including fact investigation,  
19 legal researching, briefing, argument, discovery, reorganization, plan and disclosure statement matters,  
20 appearance and participation in hearings, and communications and meetings with parties in interest.

## 21 **IV. Covington's Qualifications**

22 The Specific Matters for which Covington's retention is sought hereunder as special counsel are  
23 expected to be substantially the same as those performed under the OCP Order; *however*, the scope of  
24 such services is expected to increase in connection with the Chapter 11 Cases, necessitating the filing of  
25 the Application.

26 Covington is highly-qualified with respect to the insurance coverage matters described above.  
27 The team is led by David Goodwin and Jeffrey Davidson in Covington's San Francisco office. Mr.  
28

1 Goodwin has more than 35 years of experience in handling insurance coverage matters on behalf of  
2 policyholders and is one of only two lawyers ranked in the highest tier of insurance coverage lawyers in  
3 California according to the *Chambers USA Guide*, a leading guide to law firms. In the past, Mr.  
4 Goodwin has assisted PG&E with a variety of insurance issues, including claims for insurance coverage  
5 for environmental liabilities, property damage and extra expense losses, general liability issues, and tort  
6 claims arising out of the San Bruno pipeline explosion. Moreover, Mr. Davidson has more than a  
7 decade of experience in insurance coverage matters. Covington's insurance coverage practice is  
8 generally recognized as perhaps the leading policyholder-side practice in the country, and is the only  
9 policyholder-side practice ranked in "Band 1" in California, and the only policyholder-side practice  
10 ranked in "Band 1" nationally, by the *Chambers USA Guide*.

11 Further, as noted above, Covington already has extensive experience advising and representing  
12 the Debtors on the various pending insurance coverage matters. Accordingly, Covington is both well-  
13 qualified and uniquely able to represent the Debtors in the Chapter 11 Cases with respect to those  
14 matters.

#### 15 **V. Coordination With Other Professionals**

16 Covington is aware that the Debtors have retained other law firms in connection with the Chapter  
17 11 Cases, including in connection with various civil litigation matters. Covington has been coordinating  
18 and will continue to coordinate closely with the Debtors and their other retained professionals to  
19 delineate the scope of services and avoid duplication of services wherever reasonably possible.

#### 20 **VI. No Adverse Interest With Respect To The Specific Matters**

21 As set forth in the Goodwin Declaration, incorporated herein by reference, Covington has  
22 disclosed its representations of parties adverse to the Debtors that Covington has been able to determine  
23 as of the time of filing this Application. In reliance on the Goodwin Declaration, the Debtors believe  
24 that Covington does not represent or hold an interest adverse to the Debtors or their estates with respect  
25 to the matters described above. A list of unrelated adverse matters (all of which have been disclosed to  
26 and approved by the Debtors, and related to which Covington has established an ethical wall as to all  
27 Covington attorneys involved in such matters) is included in the Goodwin Declaration. Additionally,  
28 the Goodwin Declaration identifies Covington's representation of investors in subrogation rights against

1 PG&E in matters adverse to various insurers or third parties, as well as a Senior of Counsel at Covington  
2 who previously served as a member of Debtors' board of directors and is a defendant in certain of the  
3 derivative actions (both of which had been disclosed to and approved by the Debtors) and a Senior  
4 Counsel at Covington who provided an expert declaration on behalf of ConEd Development, NextEra,  
5 and Calpine. Accordingly, the Debtors believe that Covington's employment as special counsel with  
6 respect to the above insurance matters is in the best interests of their estates and, accordingly, that  
7 Covington's retention pursuant hereto is appropriate pursuant to section 327(e) of the Bankruptcy Code.

## 8 **VII. Professional Compensation**

9 Prior to the filing of this Application, Covington has not yet been compensated pursuant to the  
10 OCP Order for its post-petition fees and expenses. Currently, Covington is owed approximately  
11 \$3,008.50 on account of its post-petition services as an ordinary course professional for the Debtors for  
12 the month of December 2019 and \$138,425.00 for the month of January 2020. Covington additionally  
13 incurred \$141,816.11 in fees and expenses for the month of February 2020 (unbilled). This Application  
14 seeks approval of Covington as special counsel in connection with the Specific Matters pursuant to  
15 section 327(e) of the Bankruptcy Code, *nunc pro tunc* to January 1, 2020, as contemplated by paragraph  
16 2(ix) of the OCP Order.

17 In accordance with the OCP Order, following entry of the order approving the Application (or, in  
18 accordance with the OCP Order, for any prior period to the extent Covington's fees and expenses will  
19 exceed the applicable caps set forth in the OCP Order), Covington will apply to the Court for allowances  
20 of compensation and reimbursement of expenses in accordance with the applicable provisions of the  
21 Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, the *United States Bankruptcy*  
22 *Court Northern District of California Guidelines for Compensation and Expense Reimbursement of*  
23 *Professionals and Trustees*, effective February 19, 2014 (the "**Local Guidelines**"), the U.S. Trustee  
24 Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under  
25 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases, effective November 1, 2013 (the "**U.S.**  
26 **Trustee Guidelines**," and together with the Local Guidelines, the "**Fee Guidelines**"), the OCP Order,  
27 and any further Orders of the Court (the "**Orders**") for all professional services performed and expenses  
28

1 incurred after the foregoing dates. Covington will seek allowance of its fees and reimbursement of its  
2 expenses beginning with January 2020.

3 Subject to the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local  
4 Rules, the Fee Guidelines, and the Orders, the Debtors propose to compensate Covington for services  
5 rendered at its customary hourly rates that are in effect from time to time, as set forth in the Goodwin  
6 Declaration, and to reimburse Covington according to its customary reimbursement policies. The  
7 Debtors respectfully submit that Covington rates and policies stated in the Goodwin Declaration are  
8 reasonable, particularly given the nature of these Chapter 11 Cases.

9 **VIII. Notice**

10 Notice of this Application will be provided to (i) the Office of the United States Trustee for  
11 Region 17 (Attn: James L. Snyder, Esq. and Timothy Laffredi, Esq.); (ii) counsel to the Creditors  
12 Committee; (iii) counsel to Tort Claimants Committee; (iv) the Securities and Exchange Commission;  
13 (v) the Internal Revenue Service; (vi) the Office of the California Attorney General; (vii) the California  
14 Public Utilities Commission; (viii) the Nuclear Regulatory Commission; (ix) the Federal Energy  
15 Regulatory Commission; (x) the Office of the United States Attorney for the Northern District of  
16 California; (xi) counsel for the agent under the Debtors' debtor in possession financing facility; and (xii)  
17 those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to  
18 Bankruptcy Rule 2002. The Debtors respectfully submit that no further notice is required.

19 No previous request for the relief sought herein has been made by the Debtors to this or any  
20 other Court.

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WHEREFORE the Debtors respectfully request entry of an order (i) granting the relief requested herein as a sound exercise of the Debtors' business judgment and in the best interests of the Debtors, their estates, creditors, shareholders, and all parties in interest, and (ii) such other and further relief as the Court may deem just and appropriate.

Dated: March 24, 2020

Respectfully submitted,

By: /s/ Janet Loduca

Name: Janet Loduca

Title: Senior Vice President and General Counsel